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Press Release

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**ATTORNEY GENERAL DARRELL MCGRAW ASKS COURT TO ENJOIN
APPLIED CARD SYSTEMS FROM ENFORCING ITS NEW
CONFIDENTIALITY POLICY, CHARGING THE COMPANY
SEEKS TO SILENCE ITS EMPLOYEES**

Attorney General Darrell McGraw's Consumer Protection Division petitioned the Circuit Court of Kanawha County today to prohibit Applied Card Systems from firing any Huntington office employees who refuse to sign or abide by its new restrictive confidentiality policy. McGraw's office charged that the company's policy exceeds any legitimate interest in maintaining confidentiality of its practices and, in fact, its purpose is to prevent employees from reporting alleged unlawful activities, even after discontinuation of their employment.

The filing by McGraw's office alleges that Applied Card Systems' Huntington employees were threatened with firing if they failed to sign off on the new confidentiality policy by August 27. It is believed that many employees expressed concerns about or refused to sign the document.

During the summer of 2003 McGraw's office began investigating the alleged unlawful business practices of Cross Country Bank, Applied Card Systems, and their owner, Rocco A. Abessinio. After learning about the investigation, the Abessinio-owned companies filed two suits against McGraw's office in the Circuit Court of Kanawha County. McGraw countersued on March 16, 2004, alleging that the companies engaged in a wide range of unfair, deceptive, and fraudulent practices in the marketing of credit cards to consumers with bad credit and in the collection of the accounts. Among other things, McGraw's suit alleged that the Abessinio-owned companies debited payments from consumers' checking accounts without their permission, called them repeatedly at work after they asked that such calls stop, and wrongfully disclosed debts to third parties, including co-workers and supervisors at their places of employment. The suit also alleged that the companies induced consumers with bad credit to open credit card accounts by promising credit limits of up to \$2,500 when they knew that the consumer would, at best, be given credit limits of \$400 or less. The suit also alleged that the companies failed to disclose the exorbitant fees that would be assessed cardholders, including \$150 before the card was even used and numerous other monthly fees.

After Applied Card Systems closed its Beckley facility in the summer of 2003, over 40 former employees came forward to report a pattern of management directed and condoned violations of West Virginia consumer protection law. Many of these persons, including supervisory and managerial employees, gave sworn statements of their allegations that were filed in support of McGraw's suit. The allegations of former employees of Applied Card systems have also formed the basis of suits filed against these companies by many other states, including New York, Minnesota, Wisconsin, Texas, and Pennsylvania.

Attorney General McGraw stated, "Our mission to protect consumers from unfair, deceptive, and fraudulent practices includes the duty to protect employees who report such conduct to regulatory authorities. Employees who are forced to violate the law as a condition of keeping their jobs are also victims of the unlawful practices. When employees come forward to report unlawful conduct, even when threatened with loss of employment, they are true heroes and are worthy of protection from our office and from the courts."

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808.

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